



Service • Ethics • Progress



U.S. Army Audit Agency Strategic Plan

FYs 05–10



*Providing Solutions for
Army Challenges*

June 2005

Message From The Auditor General



I am pleased to present U.S. Army Audit Agency's Strategic Plan for FYs 05-10, which outlines our primary areas of focus for the next 5 years. The plan takes into account issues affecting the international climate, the Armed Forces, the Army, the Federal Government, and the accounting profession, and the Agency's role in that environment. The plan also supports accountability, effectiveness, and efficiency initiatives in the Army, DOD, and the Federal Government. The plan incorporates a three-level scoring system—similar to the method used for the President's Management Agenda—to measure progress toward meeting organizational goals and objectives.

This plan updates and replaces the plan developed for FYs 04-09. We made significant progress in executing that plan since its publication in March 2004. Under our Valued Service goal, we completed the development of a strategic audit planning process that aligns our audits with the Army's strategic objectives. In this plan our strategy is to refine that process and provide resources for a new Strategic Audit Planning Office to help our senior leaders get the strategic information they need to adequately plan audit coverage. We are also undergoing an organizational assessment that is evaluating our functional alignment and workload distribution. Additionally, we decided to consolidate the Valued Service and Corporate Integration goals because they are so interrelated that it is difficult to separate the strategies between the two goals.

Under Organizational Effectiveness and Efficiency, we centralized and expanded our Applied Technology Branch, providing more help to audit teams in the field and increasing the use of advanced computer-assisted audit tools. During FY 04 we also strengthened our quality assurance program. We will continue to leverage technology and emphasize quality. We will also continue to use Activity-Based Management and will introduce Lean Six Sigma techniques to increase the efficiency and effectiveness of our audit processes and to maximize our value to the Army. Finally, during FY 04 we assessed our organizational culture and began work on our Human Capital Management Plan. This plan will focus on developing and implementing a new training module for our information management system and beginning work on a new appraisal system that incorporates pay for performance methodology under the National Security Performance System.

Although we have achieved much, we have significant challenges ahead of us, and I ask for your full support and participation as the Agency executes this strategic plan.


JOYCE E. MORROW
The Auditor General

Contents

	<i>Page</i>
<i>About Army Audit Agency</i>	
Our Mission	1
Statutory Responsibilities	1
Our Vision Statement.....	1
Organizational Structure	2
Our Values	3
 <i>Situational Assessment</i>	
Valued Service to the Client	5
Organizational Effectiveness and Efficiency	6
Workforce	8
 <i>Strategic Goals, Performance Objectives, and Strategies</i>	
 Valued Service	10
<i>Be a highly sought after and integral part of the Army by providing timely and valued services that improve the Army by doing the right audits at the right time and achieving desired results.</i>	
 Organizational Effectiveness and Efficiency	13
<i>Operate a highly effective and efficient audit organization that continuously evaluates and improves audit and support processes to deliver timely, value-added services.</i>	
 Workforce	17
<i>Foster a culture that recruits, develops, and maintains a highly professional and ethical workforce that is empowered to be entrepreneurial and accountable for delivering value-added services.</i>	
 <i>Performance Measures</i>	
Summary	19

About Army Audit Agency

The Army's purpose is to serve the American people, protect enduring national interests, and fulfill national military responsibilities. Its principal mission is to provide necessary forces and capabilities to Combatant Commanders in support of the National Security and Defense Strategies. As part of the Army team, the Agency exists to help the Army carry out its mission.

Our Mission



Army Audit Agency serves America's Army by providing objective and independent auditing services. We help the Army make informed decisions, resolve issues, use resources effectively and efficiently, and satisfy statutory and fiduciary responsibilities.

In fulfilling this mission, Agency employees aim to be role models and innovators, and to perform their duties objectively, fairly, and with the highest professional integrity.

Statutory Responsibilities

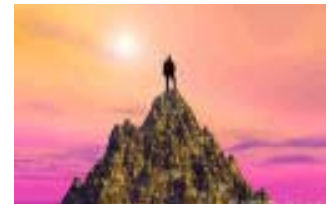
At the request of the Under Secretary of War, Army Audit Agency was established on November 12, 1946 with the issuance of General Order No. 135. The Agency was placed under the jurisdiction of the Chief of Finance and tasked with maintaining appropriation and fund accounting, maintaining military property accountability, and auditing the accounts of the American Red Cross.

With implementation of the DOD Reorganization Act of 1986, the Agency was placed under the sole jurisdiction of The Secretary of the Army. Subsequent General Orders made The Auditor General responsible for internal audit services throughout the Department of the Army, including audit policy, training, followup, and liaison with external audit organizations.

Today, we examine the full spectrum of Army operations and programs to assist the Army in accounting for and managing the public resources entrusted to it.

Our Vision Statement

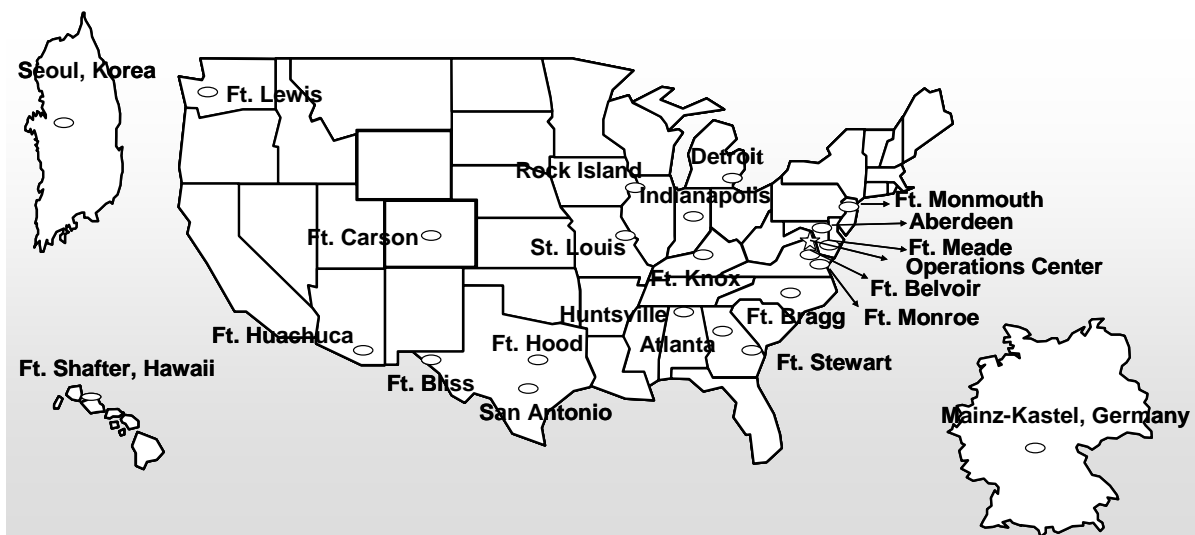
We will be a world-class audit organization of respected professionals that anticipates change and exceeds client expectations. As an integral part of the Army team, we will improve the Army by providing timely, value-added services and fostering employee growth, innovation, integrity, and accountability.



To achieve our strategic goals and objectives, we must maintain a workforce of highly trained professionals, many with advanced degrees and certifications. To maximize our productivity, we must continue to invest in information technology and explore ways to accomplish our mission more effectively and efficiently. This strategic plan explains the strategies and action plans the Agency will use to ensure the growth of its employees, business processes, information technology, and other resources so that we can effectively carry out our mission and achieve our vision.

Organizational Structure

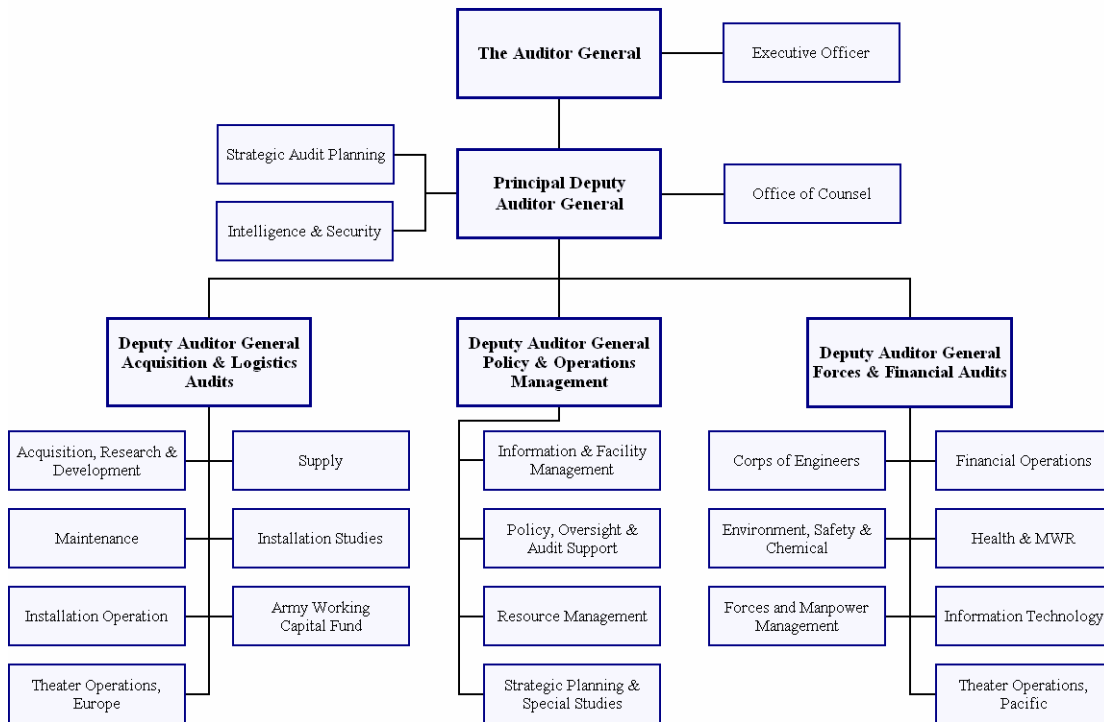
The Auditor General of the Army, the Principal Deputy Auditor General, and three Deputy Auditors General lead the Army Audit Agency. The Agency is headquartered in Alexandria, Virginia, and has 23 field offices—20 in the Continental United States and 3 overseas (in the Republic of Korea, Hawaii, and Germany).



The Principal Deputy Auditor General oversees the development and execution of the Agency's strategic audit plan to ensure that it meets the needs of Army leadership. Two of our Deputy Auditors General oversee audits of various Army functions, and the third deputy is responsible for the Agency's internal operations.

The Agency is authorized 611 personnel (610 civilians and 1 military). For the most part, our audit teams are functionally aligned, but two teams have a geographic focus: Theater Operations, Europe and Theater Operations, Pacific. Here is our organizational structure:

U.S. Army Audit Agency Organizational Chart



The Agency assigns auditors to teams so they can develop functional expertise and produce audit results more efficiently, allowing our clients to make timely decisions on high-priority issues. This organizational structure also promotes succession planning by allowing the Agency to retain the functional knowledge of supervisory personnel while providing excellent opportunities for auditors to develop mentoring relationships with Agency leaders.

Our Values

The following values support the Army values, characterize the culture of our Agency, and communicate our philosophy in approaching our mission:

- **Quality Services** – Agency personnel provide high-quality, client-focused service that is useful, timely, responsive, and in keeping with professional standards.
- **Personal Growth** – The Agency provides fair, equal, and stimulating opportunities for all employees to flourish and express themselves in an environment that supports empowerment, risk taking, and innovation.



- **Teamwork** – Agency personnel at all levels communicate openly and work as a team to accomplish the Army’s and the Agency’s mission, goals, and expectations.
- **Independence** – The Agency maintains its freedom to perform its mission.
- **Ethics** – Agency personnel demonstrate integrity, credibility, and commitment to accountability.
- **Progress** – Agency personnel anticipate and adapt quickly to change, exploit new technologies, and institute innovative approaches and techniques.
- **Professionalism** – Agency personnel are highly dedicated, ethical, and committed to continuous professional advancement through education and active participation in professional organizations.
- **Quality of Life** – The Agency encourages a culture that promotes the well-being, job satisfaction, and morale of all employees. It also provides and promotes a quality work environment that improves efficiency and productivity.

The Army recently developed a Civilian Creed to delineate the intent and purpose of Army civilians and their role in the Army:

Army Civilian Creed

I am an Army Civilian – a member of the Army Team.

I am dedicated to the Army, its Soldiers and Civilians.

I will always support the mission.

I provide stability and continuity during war and peace.

I support and defend the Constitution of the United States
and consider it an honor to serve the Nation and its Army.

I live the Army values of Loyalty, Duty, Respect,
Selfless Service, Honor, Integrity, and Personal Courage.

I am an Army Civilian.

Situational Assessment



In charting the Agency's work over the next 5 years, this strategic plan takes into account issues that have shaped or will shape the international climate, the Federal Government, DOD, the Army, and the accounting profession, as well as the Agency's role in that environment. In this section we discuss those issues, which form the basis for the Agency's goals and objectives.

Valued Service to the Client

As America remains a nation at war, the Army is deployed worldwide defending democracy and fighting the Global War on Terrorism. Simultaneously, the Army is transforming to a lighter and more mobile force while maintaining a relevant and ready current force. The Army has engaged in several broad initiatives, including restructuring from a division- to a brigade-based force, rebalancing the Active and Reserve Forces, promoting business transformation, and proposing base realignment and closure actions to ensure its preparedness for the 21st century security environment. These complex and far-reaching changes affect many Army programs and activities. The Agency must respond accordingly when planning and executing audit workload to help the Army effectively meet its mission goals for the various initiatives. Our business environment will change as Army priorities change, and our workload will shift as we respond to those changes.



During early FY 05 we completed a process action team on Valued Service that identified a new audit planning process that aligns our workload with the Army's highest priority issues. As a result of this effort, we are staffing a Strategic Audit Planning Office that will be responsible for:

- Gathering, analyzing, and translating Army strategic information into usable information for our senior management team.
- Educating senior management on emerging or changing Army strategic issues and focuses.

Agency Program Directors will use this information to develop and refine audit issue areas and assign resources for specific audit coverage. Additionally, we adopted recommendations from the process action team on Corporate Integration that will enhance strategic communications with our Army clients, including improving Agency

visibility on Army Knowledge Online (AKO) and developing an information pamphlet on the Agency for distribution to our clients.

Our next step in this process is to structure our organization to provide the best support for the transforming Army. An organizational assessment is underway that is evaluating our functional alignment and workload distribution. The Agency first aligned into functional teams during 1998. Although we have modified our structure since then, the Army's focus has changed considerably with transformation, the Global War on Terrorism, and the activation of several new organizations, such as U.S. Army Installation Management Agency and U.S. Army Contracting Agency. Therefore the reassessment is a necessary part of our focus on continuous improvement to ensure we have the most effective and efficient operation to support our Army clients. Decisions related to Base Realignment and Closure 2005 and overseas restationing will affect client workload and locations. We expect initial results of the assessment later this year.



As the Army remains deployed worldwide during a period of persistent conflict, the Agency deploys alongside our Soldiers to assist in many efforts “downrange” or in areas where hostilities are occurring or may occur. These locations have included Bosnia, Kosovo, Macedonia, Uzbekistan, Turkey, and Kuwait, and we now have auditors in Iraq as we respond to several requests for audit from senior Army leaders. We expect this workload to remain and possibly increase in the foreseeable future. Consequently, we must continue to solicit volunteers for the assignments and make sure we have sufficient resources to accommodate these high-priority requests while executing the rest of our audit program.

Our community service efforts support the Army goals of volunteerism and the President's initiative on service and civic participation. Agency employees donate their time to a variety of charitable organizations and community events, such as Junior Achievement, youth sports, and the Army Ten Miler.

The Agency's focus on completing the right audits at the right time and on maximizing our partnership with our Army clients is reflected in the strategies for the goal Valued Service in this strategic plan.

Organizational Effectiveness and Efficiency

We believe that total Agency funding, personnel authorizations, and grade structure will remain relatively stable. At the same time, our operational requirements and the complexity of our audits will continue to increase because of the changing Army mission.



The Agency must continuously seek to improve effectiveness and efficiency in all operations so that we have enough resources to fulfill our operational requirements and meet Army needs for audit services. In April 2005 the Principal Deputy Auditor General

instituted a requirement for each audit to have an in-process review with senior level involvement in a timely manner (25 to 30 percent of auditor-days expended) to discuss milestones, resources, and any changes to objectives and/or scope and methodology. This requirement will help audit teams and Agency leadership identify and address needed adjustments early in the audit process and will ultimately improve audit effectiveness and efficiency.



Emphasis on the expansion of E-government and automated processes will continue. We expanded the Agency information available to our Army clients on AKO and made it easier to locate and navigate. This effort is a work in progress with more enhancements planned. Additionally, we centralized and expanded our Applied Technology Branch to provide more help to audit teams in the field by accessing Army databases and analyzing data, and by training auditors in the use of advanced computer-assisted audit tools. This specialized assistance increases audit efficiency by allowing audit teams to focus on other audit areas. Our goal is to maximize the use of the branch.

Audit quality will remain a primary focus of Agency operations to maintain our professional credibility and adherence to government auditing standards. During FY 05 we passed our triennial peer review of audit operations. The external peer review team concluded that our quality control system meets the standards of the President's Council on Integrity and Efficiency and provides reasonable assurance that auditors are following professional standards and internal policies. We will continue to emphasize quality standards and will share lessons learned from internal quality assurance efforts, external peer reviews, and audit followup engagements.

Another of the five major initiatives under the President's Management Agenda is Budget and Performance Integration. To accomplish this initiative, we must maximize the use of Activity-Based Management to identify areas where we can improve the use of our time. We must also develop a system that qualitatively assesses our outputs to determine our true contribution to the Army's mission. The Agency will track auditor-days, elapsed days, and total costs for each audit to link budget to performance. We will also use Activity-Based Management to capture and evaluate the resources devoted to our support processes.

In line with other Army, DOD, and Federal Government agencies, the Agency will implement Lean Six Sigma, a process improvement strategy. Lean Six Sigma is a method for improving efficiency by dissecting and reengineering virtually any kind of process to remove wasteful steps and streamline value-added steps. The Agency will apply the Lean Six Sigma techniques and methodologies to both audit and support processes.

The Agency outlines its emphasis on the continuous improvement in internal operations in the strategies for the goal Organizational Effectiveness and Efficiency in this strategic plan.

Workforce



People are the Agency's most important asset. To better understand our workforce and its needs, during FY 05 we concluded a process action team that identified ways the Agency can support a culture of excellence and evaluated whether a gap existed between the expectations of the Agency's senior leaders and employee perceptions of those expectations. The team administered a questionnaire to the entire workforce, interviewed the Agency's senior leaders, and found that the Agency's organizational culture is generally positive and offers employees the opportunity to excel. The team made a few recommendations to strengthen the career management processes, which the Agency implemented. Additionally, during FY 04 the Agency achieved an overall employee satisfaction rating of 4.13 on a scale of 1 (low) to 5 (high). Although pleased with these results, the Agency will continue to emphasize effective personnel management and quality of life issues to maintain these favorable workforce perceptions of the Agency.

One of the five major initiatives in the President's Management Agenda is the Strategic Management of Human Capital. This initiative emphasizes the development of high-performing workforces by attracting and retaining the right people in the right places at the right time. The Agency is committed to this initiative because high-performing employees with the right skills and competencies improve our ability to respond to the Army's needs on a daily basis and in challenging times.



When charting its course for strategic workforce planning, the Agency identified several workforce challenges it is facing or will face in the future:

- The workforce is aging. Therefore we must expect a higher than normal rate of retirement, which will increase requirements for recruiting, training, and succession planning. This condition will also provide additional opportunities for advancement and diversity in the workforce.
- The National Security Personnel System will trigger changes in personnel and pay rules. The Agency must develop a new appraisal system that encompasses the tenets of pay for performance and individual accountability for performance results. We are implementing a new system for our Senior Executive Service personnel in July 2005.
- Competition for a finite pool of employees will continue. We must work hard to recruit and retain a skilled workforce of auditors and other professionals by offering job opportunities that are challenging and rewarding and provide a quality of life that is expected by our current and future employees.
- We operate in a continuous training environment. We must continuously update our auditor training to accommodate changes in automation and Army systems we are responsible for evaluating. Additionally, our workforce must maintain

functional expertise in the myriad of missions and functions the Army performs every day. Sufficient educational and training opportunities are necessary for our workforce to remain competent and highly skilled.

The Agency's consideration of these challenges and its commitment to the management of human capital are portrayed in the workforce strategies outlined in this strategic plan.

Strategic Goals, Performance Objectives, and Strategies

Valued Service

Goal

Be a highly sought after and integral part of the Army by providing timely and valued services that improve the Army by doing the right audits at the right time and achieving desired results.



The intent of this goal is to ensure that Agency services and infrastructure are aligned with the Army's highest priority focus areas to maximize our return on investment to the Army. We would like to maximize our partnerships with Army clients by being responsive to requests for audit, providing solutions to Army challenges, increasing communications and interactions, and continuing our participation in Army task forces, events, and community service activities.

Performance Objectives

We intend our work in this area to influence the following outcomes, which exceed Agency goals and objectives:

- Develop, implement, and update a strategic audit plan that is aligned with the Army's overarching strategies and Secretary of the Army priorities. To ensure relevance at least 95 percent of our audit resources should be devoted to audits that directly support these strategies and priorities.
- Apply at least 40 percent of audit resources to requests for audit by Army leadership. Requested audits are an indication of client confidence in Agency services.
- Align the workforce and workload to accommodate requirements identified through the strategic auditing process by completing an organizational assessment during FY 06.
- Monitor the Agency's most significant audits—top 10 as determined by the Principal Deputy Auditor General—and make sure audit teams update the client at least every 60 days and deliver the results by the agreed-to date.

- Identify viable solutions to Army challenges and monetary benefits that will result in the Army achieving a return on its investment in the Agency of at least 15 to 1 (about \$1 billion annually). We calculate return on investment by dividing total monetary benefits covered by the 6-year Program Objective Memorandum by the Agency's total executed budget.
- Identify additional opportunities for the Army to realize monetary benefits that exceed the 6-year period covered by the Program Objective Memorandum or are approved unfunded requirements.
- Confirm through followup audits that the Army realized at least 80 percent of claimed monetary benefits covered by the 6-year Program Objective Memorandum and that at least 85 percent of recommendations fixed the problem.
- Achieve client satisfaction ratings of at least 4.0 on a scale of 1 (low) to 5 (high) to represent outstanding client satisfaction.
- Continue strategic communication and liaison functions with our Army clients by providing weekly reports of ongoing, to-start, and completed audits by the Agency and external audit organizations that affect the Army. This effort includes providing executive summaries and information papers as appropriate.
- Develop and publish an information pamphlet on the Agency for distribution to our Army clients during the 4th quarter FY 05.
- Issue the Annual Performance Report by 15 December each year.
- Participate actively (at least 2,500 hours annually Agencywide) in key Army and joint task forces, working groups, and committees.
- Maintain employee participation (at least 2,000 hours annually) in Army and community service events.

Strategies

Processes are in place to accomplish many of the performance objectives in this plan. Other objectives require the development or refinement of new processes to accomplish the objective. This section lists strategies for objectives that need a new or refined process.

Strategy – Strategic Audit Plan

Maximize our value to the Army through timely engagements that focus on the evolving needs of Army managers and provide solutions for Army challenges.

To make sure we do the right audits at the right time, we will continue to link our corporate audit plan to the Army's overarching strategies and Secretary of the

Army priorities. We will also respond to requests for audits from Army leadership. Our audit plan is a living document that we revise and update as Army priorities change and as we respond to requests for audit. In support of the Agency's strategic audit planning process, we will develop, charter, and provide resources for the Agency's Strategic Audit Planning Office. The office will continuously gather, analyze, and translate Army strategic information into usable information for Agency senior leaders. It will be responsible for educating senior leaders on the Army's emerging or changing strategic issues and focuses. The office will also provide information on key Army task forces, working groups, and committees and make recommendations for Agency participation in such groups.

The Principal Deputy Auditor General will monitor the Agency's most significant audits—the top 10 as determined by the Principal Deputy—and ensure that the audit teams keep our client informed and deliver the audit results by the agreed-to date. This effort will involve frequent communication with the responsible Deputy Auditor General, Program Director, and audit team.

Strategy – Organizational Assessment

Determine how to best align our resources to effectively accomplish our mission.

In November 2004 we began an assessment to evaluate the Agency's organizational structure and team staffing to determine how well it aligns with our strategic audit plan and the transforming Army. This assessment will continue into FY 06. Base realignment and closure actions will affect our final decisions for team and field office staffing.

Strategy – Strategic Communications

Seize opportunities for improving client relations and providing timely, pertinent information to Army leaders.

The Agency will continually look for opportunities to improve client relations and deliver timely, pertinent information to Army executives and managers.

We will develop and publish an information pamphlet about the Agency for distribution to our Army clients during the 4th quarter FY 05. By 15 December each year, we will prepare and publish an Annual Performance Report that details our accomplishments toward reaching our performance goals and illustrates the value of our audit service to our Army clients.

We will also continue to improve access to Agency information. We include actions to enhance access to Agency information on AKO under the Leverage Technology strategy for the Organizational Effectiveness and Efficiency goal (page 15).

Organizational Effectiveness and Efficiency

Goal

Operate a highly effective and efficient audit organization that continuously evaluates and improves audit and support processes to deliver timely, value-added services.



The intent of this goal is to ensure that internal Agency operations are as effective and efficient as possible to maximize our value to the Army and to implement the President's Management Agenda initiatives on Expanded Electronic Government and Budget and Performance Integration. This area increases our focus on implementing Activity-Based Management throughout the Agency, furthering our use of automated systems and techniques, and applying Lean Six Sigma techniques and methodologies to both audit and support processes.

Performance Objectives

We intend our work in this area to influence the following outcomes, which exceed Agency goals and objectives:

- Update the Agency Strategic Plan as deemed necessary, but at least biannually. Complete a comprehensive update by FY 07.
- Meet or exceed at least 95 percent of the performance measures in the Agency's Strategic Plan. (Details begin on page 19 of this plan).
- Develop and distribute quarterly performance review and analysis reports that highlight Agency performance against associated performance goals.
- Implement Lean Six Sigma techniques and methodology during FY 06 to complement our focus on and initiatives for continuous improvement.
- Conduct in-process reviews with senior level involvement in a timely manner (25 to 30 percent of approved auditor-days expended) for at least 90 percent of audit engagements.
- Complete audits within resources and milestones agreed to at the in-process review. We will develop and add a performance measure during FY 06.
- Devote at least 80 percent of available auditor time in operating directorates to direct audit activities (audits, followup audits, and other engagements).

- Update, consolidate, and publish AR 36-2 (Audit Reports and Followup) and AR 36-5 (Auditing Service in the Department of the Army) during FY 06.
- Continue to emphasize adherence to Government Auditing Standards. Take prompt corrective action and follow up on weaknesses identified during internal and external quality assurance reviews.
- Track costs (auditor-days, travel, and overhead) for each audit beginning in FY 05 and develop associated performance measures during FY 06.
- Increase the use and effectiveness of applied technology techniques by involving the Applied Technology Branch in the planning phase of audits.
- Deploy the SharePoint document management system Agencywide during FY 06.

Strategies

Processes are in place to accomplish many of the performance objectives in this plan. Other objectives require the development or refinement of new processes to accomplish the objective. This section lists strategies for objectives that need a new or refined process.

Strategy – Strategic Plan

Maintain a continuous improvement environment by executing the Agency Strategic Plan, reviewing performance against organizational goals, and adopting new, continuous improvement methodologies as necessary.

The Agency will execute and periodically update its Strategic Plan to remain relevant in our operational environment. The Agency will update the plan as necessary but at least biannually. It will complete the next comprehensive update by FY 07. Agency leadership will review performance against associated performance goals at least quarterly using performance review and analysis and senior leadership meetings. The Agency will also be responsive to new continuous improvement methodologies applicable to our operating environment. Accordingly, the Agency will implement Lean Six Sigma techniques and methodology during FY 06 as appropriate to audit and support processes.

Strategy – Audit Process Effectiveness

Improve the effectiveness of the audit process by assessing the benefits of audits, emphasizing outcomes and using lessons learned from quality assurance reviews.

The Agency will review various aspects of the audit process to ensure maximum effectiveness and efficiency using process improvement techniques, including Lean Six Sigma and Activity-Based Management. During FY 05 the Agency had process action teams review our processes for followup reviews and independent referencing of audit

reports. The Agency will implement and refine these processes during FY 06. Additionally, we began work on consolidating AR 36-2 and AR 36-5 to provide one reference source for audit service in the Army.

The Agency will use lessons learned from peer reviews, annual followup reviews, internal quality assurance engagements, and costing reports to ensure that auditors identify and correct noted weaknesses in the audit process. By 15 July 2005 the Deputy Auditor General for Policy and Operations Management will issue a memorandum to all Agency personnel discussing the results of our 2005 external peer review including areas needing emphasis.

The Agency will use data from its internal information system (AAAsist) to track the auditor-days, elapsed days, and total costs of each audit to link budget to performance and identify areas for efficiencies. The Agency will continue to monitor direct and indirect auditor time with a goal to decrease indirect auditor time and redirect the savings toward accomplishing more audits.

For audits started after 1 July 2005, auditors are required to conduct timely in-process reviews with senior level involvement. During FY 06 we will develop and add a measure for the percent of audits completed within resources and milestones agreed to at the in-process review. In addition, Agency senior leadership will review audit progress at senior leadership meetings (three times annually) and at monthly meetings between the Principal Deputy Auditor General and the two operating Deputy Auditors General.

Strategy – Leverage Technology

Leverage technology to improve the effectiveness and efficiency of Agency operations and provide easy access to Agency information for our Army clients.

The Agency will increase the use and effectiveness of applied technology techniques by involving Applied Technology Branch personnel in audit planning to identify opportunities for using advanced audit techniques. The Agency will update its training curriculum to make sure auditors receive training on the availability, capability, and use of information technology and the Applied Technology Branch.



During FY 06 the branch will begin to conduct full system audits of various Army automated systems to allow the Agency to maintain historical information on the accuracy of the data from the systems. The information will allow audit teams to promptly determine the reliability of the data. The Agency will also enhance its AKO Web site to improve client access to Agency information. This strategy includes the Agencywide implementation of a document and content management system (SharePoint) during FY 06 that will provide easy storage, retrieval, and management of corporate documents.

Strategy – Support Processes

Improve support processes by evaluating what needs to be done, who should do it, when it needs to be done, and when best to do it.

The Agency will continue to use Activity-Based Management and budget data to identify cost drivers in its support functions. The Agency will apply Lean Six Sigma methodology to support processes. The Agency will continue to include an objective in employees' performance standards to review and recommend ways to improve and streamline their functions.

Workforce

Goal

Foster a culture that recruits, develops, and maintains a highly professional and ethical workforce that is empowered to be entrepreneurial and accountable for delivering value-added services.



The intent of this goal is to ensure that the Agency maintains its current favorable employee satisfaction ratings and implements the President's Management Agenda initiative on Strategic Management of Human Capital. We will continue work on our Human Capital Management Plan. Two key initiatives in the plan are developing and implementing a new training module for our information management system and developing a new appraisal system that incorporates pay for performance.

Performance Objectives

We intend our work in this area to influence the following outcomes, which exceed Agency goals and objectives:

- Execute 98 percent or better of funded workyears by continued emphasis on the Agency Recruiting Program.
- Maintain an overall employee satisfaction rating of at least 4.0 on a scale of 1 (low) to 5 (high).
- Implement the new training module during FY 07 to streamline the processes for individual development plans and training requests.
- Achieve an 80-percent favorable rating on student and supervisory assessments of Agency-sponsored training classes from Agency attendees.
- Make sure Agency auditors obtain 80 hours of continuing professional education every 2 years in compliance with Government Auditing Standards.
- Encourage and support professional development. World-class levels would be 25 percent of workforce with advanced degrees, 35 percent with professional certification(s), and 45 percent with membership in a professional organization(s).
- Rotate junior audit staff to give personnel varied work experiences. Exceptional performance would be accomplishment of 95 percent or more of identified rotations.

Strategies

Processes are in place to accomplish many of the performance objectives in this plan. Other objectives require the development or refinement of new processes to accomplish the objective. This section lists strategies for objectives that need a new or refined process.

Strategy – Human Capital Management

Attract and maintain high-quality personnel by providing a state-of-the-art work environment and recognizing the best performers.

The Agency will continue to refine and administer the annual employee satisfaction questionnaire and analyze the results as part of its emphasis on continuous improvement. The Agency will also develop a Human Capital Management Plan during FY 06 in accordance with the President's Management Agenda. The plan will outline the Agency's focus on attracting, retaining, motivating, training, and rewarding a high-performing workforce and will link to the Agency's overall Strategic Plan. Finally, the Agency will develop a new appraisal system process in accordance with the National Security Performance System that incorporates pay for performance and individual accountability methodology. The Agency will implement the new appraisal system for Senior Executive Service employees in July 2005.

Strategy – Training Competencies and Professional Development

Optimize workforce capabilities by continually assessing, developing, and enhancing employee knowledge and skills.

The Agency will also continue to monitor the results of student and supervisory assessments of Agency-sponsored training courses and make necessary revisions to improve training. The Agency will complete the development of the new AAASIST training module to streamline the process of generating individual development plans and training requests by using information already populated in the system. In addition, the module will capture information on advanced degrees, certifications, and memberships in professional organizations. The module will allow for easier viewing of individual training records and will create a reporting capability currently not available. We plan to implement this module during FY 07.

Agency leadership recognizes that rotating auditors among teams makes for more well-rounded auditors. In April 2005 the Agency issued an updated policy on auditor rotations. Agency leadership is committed to enforcing the new policy to ensure that auditors have the opportunity to benefit from varied experiences. We added a performance measure to the strategic plan.

Performance Measures

This plan incorporates a three-level scoring system—similar to the method used for the President’s Management Agenda—to measure progress toward meeting organizational goals and objectives. Our strategic goal is to achieve the exceptional level (level I) for all performance measures. Here are definitions for each level:

Level I – Exceptional. *Performance is exceptional.*

Level II – Satisfactory. *Performance is satisfactory but could be enhanced to improve timeliness, effectiveness, or efficiency.*

Level III – Unsatisfactory. *Performance is not meeting Agency goals and objectives, and improvements are needed to get performance back on track.*

Measure	Performance Levels		
	Level I	Level II	Level III
Valued Service			
Strategic Audit Plan			
Audit Relevance <i>Audit resources directly supporting Army strategies and Secretary of the Army priorities.</i>	95% or more	85%	Less than 75%
Requested Audits <i>Auditor-days devoted to requested audits.</i>	At least 40%	25%	Less than 15%
Top 10 Significant Audits <i>Principal Deputy Auditor General will maintain a running list of the most significant audits.</i>	Update client at least every 60 days and deliver results by agreed-to date.	Update client as requested and deliver results within 10 days of agreed-to date.	Update client as requested and deliver results more than 30 days past agreed-to date.
Value of Services			
Return on Investment <i>Formal (included in the 6-year Program Objective Memorandum) monetary benefits resulting from audits compared with Agency budget expended.</i>	At least \$15 to \$1; annual benefits about \$1 billion.	\$10 to \$1; annual benefits about \$650 million.	Less than \$5 to \$1; annual benefits less than \$325 million.
Additional Monetary Benefits <i>Benefits outside the 6-year Program Objective Memorandum or associated with approved unfunded requirements.</i>	Added bonus. More is better.		

Measure	Performance Levels		
	Level I	Level II	Level III
Value of Services (Cont'd)			
Benefits Realized <i>Formal monetary benefits Army realized. Lagging indicator determined by followup audits.</i>	At least 80%	65%	Less than 50%
Recommendations Fixed the Problem <i>Lagging indicator determined by followup audits.</i>	At least 85%	75%	Less than 65%
Overall Client Satisfaction	At least 4.0	3.5	Less than 3.0
• Subject Matter	4.0	3.5	3.0
• Timing of Engagement	4.0	3.5	3.0
• Benefits of Engagement	4.0	3.5	3.0
• Timeliness of Information Delivery	4.0	3.5	3.0
• Effectiveness of Audit Team	4.0	3.5	3.0
Repeat Requests and Referrals	4.0	3.5	3.0
Comparison With Other Audit Organizations	4.0	3.5	3.0
Stakeholder Satisfaction <i>On a scale of 1 (low) to 5 (high).</i>	4.0	3.5	3.0
Strategic Communications			
Keep Army Leaders Apprised of Audits That Affect the Army. <i>Include Agency and external audit organizations, such as U.S. Government Accountability Office, DOD Inspector General, and the Special Inspector General for Iraq Reconstruction.</i>	Weekly report plus executive summaries and information papers when appropriate.	Weekly report	Not applicable
Corporate Integration			
Army Integration Activities	At least 2,500 hours	1,500 hours	Less than 1,000 hours
Community Service Hours	At least 2,000 hours	1,000 hours	Less than 500 hours
Organizational Effectiveness and Efficiency			
Meet or Exceed Measures in Agency Strategic Plan (at Level II or Higher)	At least 95%	85%	Less than 75%
Audit Process			
Audits With In-Process Review Held in Timely Manner and With Senior Level Involvement <i>For audits started after 1 July 2005.</i>	At least 90%	80%	Less than 70%
Audits Completed Within Resources and Milestones Agreed to at In-Process Review.	We will add measure during FY 06.		
Auditor Direct Time to Available Time <i>Available time equals direct time (time spent on audits, audit followup, and other engagements) plus indirect time (time used for general management, training, and other indirect activities).</i>	80%	75%	70%

Measure	Performance Levels		
	Level I	Level II	Level III
Support Processes			
Satisfaction with:	At least		Less than
• Support Processes	4.0	3.5	3.0
• Information Technology Support	4.0	3.5	3.0
<i>Based on annual employee satisfaction survey.</i>			
Workforce			
Human Capital Management			
Funded Workyear Execution	At least 98%	95%	Less than 90%
<i>Indicator of success in recruiting and retention.</i>			
Overall Employee Satisfaction	At least		Less than
• Leadership and Management	4.0	3.5	3.0
• Performance and Recognition	4.0	3.5	3.0
• Training and Development	4.0	3.5	3.0
• Empowerment, Motivation, Accountability, Teamwork	4.0	3.5	3.0
• Communications	4.0	3.5	3.0
• Information Technology	4.0	3.5	3.0
• Equal Employment Opportunity	4.3	3.8	3.3
• Sexual Harassment Prevention	4.5	4.0	3.5
• Work Environment	4.0	3.5	3.0
<i>On a scale of 1 (low) to 5 (high).</i>			
Training Competencies and Professional Development			
Favorable Ratings for Agency-Sponsored Training	At least 80%	70%	Less than 60%
<i>Based on Agency student and supervisory assessments.</i>			
Agency Auditors Obtain Continuing Professional Education (CPE) Required by Government Auditing Standards. 80 hours every 2 years, with no less than 20 hours in any 1 year.	Required CPE accomplished by end of reporting period.	Required CPE accomplished within grace period.	Required CPE not accomplished.
Workforce With:	At least		Less than
• Advanced Degree(s)	25%	20%	20%
• Professional Certification(s)	35%	30%	30%
• Membership Professional Organization(s)	45%	40%	40%
Rotate Junior Audit Staff (<i>in accordance with Agency policy</i>).	At least 95%	85%	Less than 75%



COPIES OF THIS PUBLICATION ARE AVAILABLE FROM:

**U.S. ARMY AUDIT AGENCY
STRATEGIC PLANNING AND SPECIAL STUDIES DIVISION
3101 PARK CENTER DRIVE
ALEXANDRIA, VA 22302-1596**

OR ONLINE AT:

<https://www.aaa.army.mil>